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TALKERS FOR GENG BIAO - FIRST SESSION

Objectives:

- To elicit from Geng his set of priority issues to be discussed during the formal talks;
- to ensure Geng recommends that Teng and Hua respond favorably to Hot Line, overflights and Hua visit proposals;
- lay out our response to Soviet invasion of Afghanistan, and pin down the intended Chinese reactions to the Afghan-Pakistan situation;
- table proposals for bilateral contacts and exchanges between our defense establishments, and evince Chinese reactions and suggestions.

Talking Points:

-- Mr. Vice Premier, although we have exchanged military attaches and had other contacts between our defense establishments, my visit initiates high level, formal contacts between our defense officials. As in the economic, scientific, and cultural realms, a sense of self interest brings us together. We approach you with respect and a determination to build an equal relationship for mutual benefit.

-- This morning, with your concurrence, I suggest we cover three subjects: first, a brief review of the context in which our talks are taking place; second, a discussion of the Afghan situation and its implications for both of us; and third, a discussion of ways to foster wider bilateral contacts between our defense establishments.

-- I would hope we can have a wide-ranging discussion of the global military balance and of our respective security planning this afternoon.

-- Turning to the security context in which we meet, we share an interest in limiting the ability of the Soviet Union to translate its growing military strength into political advantage, and to find ways of resisting Soviet military pressure, both direct -- as in Afghanistan -- or indirect, as in Ethiopia and Kampuchea.

-- The combined strength of the United States, our NATO allies, Japan and China is sufficient to counter Soviet expansionism, providing each of us fulfills our distinctive responsibilities to the maintenance of a global balance-of-power.

-- The question before us is one of strategy.

-- Although, in general, we have enormous advantages in the economic and political competition with the Soviet Union, they too have advantages, particularly in unstable areas of the Third World where political processes are often dominated by military elements, where the scope for subversion is great, and where Soviet propaganda can exploit ignorance or religious fanaticism to fan hatred of America. ✓

-- The Soviets, I am convinced, hope to achieve their objectives without fighting a major war with NATO or with the United States. I believe this not because I hold an optimistic view of Soviet motives, nor do I consider that Soviet behavior is defensive or aimed at preserving the status quo. It is because the Russians recognize the strength of the U.S. and NATO that they hope to reach their objectives without a major war. ✓

-- As a result, I believe that the Russians would much prefer to use an indirect approach: by making gains in areas where there is little or no opposition; by avoiding when they can the appearance of direct challenges and relying instead on covert action, or failing that, on third country "proxies," always using their own military forces only as a last resort; and by challenging us in circumstances where they can hope to limit our response by the manipulation of Western or Third World Public opinion. ✓

-- In this way they hope to build a position of strength through which they can intimidate our major allies and friends -- and, perhaps, they think, ultimately even the United States itself. ✓

-- If that happens, we are defeated as surely as if we were to be defeated in a bloody war. Thus, I do not believe that a Soviet interest in avoiding a major war makes our problems any easier. Instead, it means that we must find ways to combat Soviet encroachments in areas where there may be little military strength to oppose them, and where political circumstances may make the use of our own military strength difficult or even counterproductive. At the same time, we must take care also to maintain the military capabilities necessary to keep the Soviets from thinking that a military attack on the West would benefit them, or that they can intimidate us in smaller crises. ✓

AFGHANISTAN TALKING POINTS

-- We face an immediate test in Afghanistan where the Soviet invasion represents an ominous departure in Russia's willingness to intervene militarily outside its own borders; and positions Moscow better to exert political pressure on Iran and Pakistan -- the key to Soviet aspirations to obtain access to the Persian Gulf and Indian Ocean. ✓

-- Our concern is two fold. Soviet intervention in Afghanistan severely disturbs the regional balance in Southwest Asia; and this act threatens to disrupt the global network of strategic relationships and understandings constructed over the past generation. ✓

-- The threat to peace is tangible and immediate. It presents a challenge to the United States which we will not shirk. Even more, it represents a challenge to all the neighbors of the Soviet Union and to the world community which must not go unanswered. ✓

-- We assume the Soviet Union's immediate aims in Afghanistan will be (1) control of Kabul and all major production centers; (2) control of major roads; (3) control of the major passes between Afghanistan and Pakistan; and (4) restriction on the ability of the outside world to obtain solid information on the insurgency. These aims appear achievable in the short term. ✓

-- A total "pacification" of Afghanistan on the other hand will be a much longer term and expensive undertaking, but one that the Soviets will undoubtedly attempt. The Soviets have major problems on their hands:

- a weak political structure
- questionable loyalty of Afghan army ✓
- terrain favors insurgents
- the Soviet-Babrak "pacification theme is unlikely to sell.

-- However, the insurgents face many problems as well:

- Despite their numbers, they are ill-equipped and poorly led. (Several hundred groups with no central command.) ✓
- They are no match for Soviet troops.

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-- But if Soviets prospects are uncertain, we should not underestimate their determination to prevail. And they may succeed unless we make them pay a very high price for this action.

-- Accordingly, the United States has already begun to take actions designed to raise the costs sufficiently that Moscow will be forced to reconsider the wisdom of its decision in this case and to reject similar temptations in the future.

-- On Friday, President Carter announced a series of far-reaching adjustments in U.S. relations with the Soviet Union. These include a sharp reduction of grain sales, a tightening of controls on other exports to the USSR, restrictions on Soviet fishing allocations within the U.S. economic zone, a slowdown in bilateral negotiations with the Soviets, and a stepping-up of our efforts to publicize to the Soviet populace via radio broadcasts its government's invasion of Afghanistan.

-- In addition, we are concerting with others to place the Soviet invasion of Afghanistan on the Security Council's Agenda, consulting with other countries to deny the USSR further credits, and urging our allies to take other appropriate actions to isolate the Soviets diplomatically and raise the economic costs of its aggression.

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-- What support is China currently providing to the Afghan insurgents? Do you have plans to expand that support?

-- We must also work with others to provide additional support for Pakistan. One of President Carter's first moves was to call Zia and reassure him of our support. We offered to send Warren Christopher to Islamabad, but the Pakistanis preferred to postpone this.

-- The Pakistanis' main concern is what might happen to them if the Soviets do gain control in Afghanistan -- especially if the Soviets believe that they have grounds for "punishing" the Pakistanis for helping the insurgents. [

-- We are in the process of working out the dimensions of our own assistance to Pakistan. We have decided to seek an

amendment in our Foreign Assistance Bill to exempt Pakistan from current restrictions in our law which currently prevent us from extending FMS credits and Economic Support Fund assistance to Pakistan. While plans are as always subject to Congressional concurrence, we are thinking in terms of providing very substantial amounts of FMS and ESF over the next five years to the Paks. ✓

-- While we are planning to resume economic and military assistance to Pakistan despite the nuclear problem, it would obviously be easier for us to secure Congressional support for a large program if the Paks reassessed their nuclear activities. Anything China could do to reinforce this message to Islamabad would be helpful. ✓

-- We hope that China can also be even more helpful to the Pakistanis than it has been in the past; we hope also that you urge the Europeans, Japanese, and others to do something. [✓

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-- India remains a critical element. A strategy that preserves Pakistan but propels India into greater dependence on the USSR is unwise. The key is to get India to recognize that the new situation in Afghanistan poses a security problem for the entire subcontinent. [

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-- It is important that the most favorable context be created for an Indian policy reassessment. In particular, the Indians must be brought to realize that the "China Threat" is no longer of major concern to them. We think it is important that you renew a dialogue with the new Indian government and seek a compromise understanding on the broader issue that would permit India to turn its attention elsewhere. We believe this deserves your serious consideration.

-- The events in Afghanistan are a major historical turning point which increases the likelihood of a major U.S. military presence in an entirely new region of the world. Nobody at this point can predict with certitude what the outcome of these events will be, although the Soviet reaction to various protests and expostulations, including those of both the U.S. and China, is completely predictable. These were taken into consideration by the Soviets before they made their move in Afghanistan. It is therefore incumbent on both of us to exceed the Soviet expectation as to what our response would be. The Soviets must be made to understand that this decision (to invade) will be much more expensive to them than they had reckoned, and that it should not set a precedent for similar further actions on their part.

Suggested Addition

-- At the same time, we will be increasing our own ability to project military power into the Gulf region. Our Indian Ocean naval capabilities are being augmented; we are expanding our facilities at Diego Garcia; we are undertaking discussions with Oman, Somalia, and Kenya on base access rights, and we are broadening our discussions on security matters with Gulf states --

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-- There is no question that this region is of vital importance to us, and that the U.S. government is pursuing these interests with a sense of purpose and commitment. ✓

Bilateral Issues

-- I now would like to suggest measures for sustaining bilateral contacts and consultations between our two defense establishments. Increased contact between us will promote mutual understanding, expand our capability to act in mutually reinforcing ways when our interests coincide, and narrow differences when our interests diverge. Here are the steps I propose. I hope you have other suggestions:

-- First, I would like to invite you to visit my country at a mutually convenient time, and suggest that henceforth we meet on a regular basis.

-- Second, I propose that we expand our respective attache officers on a reciprocal basis as soon as adequate working and living accommodations are available for our attaches in Peking.

-- Third, I would like to invite a delegation from your military academy to visit our National Defense University in Washington, D. C. and to tour some of our military installations in the United States.

-- Fourth, we both know that modern military forces require extensive support organizations to sustain them. We would be willing at an appropriate time to discuss our experiences in these fields with you. If you are interested we might start with exchanges in two areas -- communications and medical support. We could also discuss some aspects of transportation and logistics, although in the latter case we would not wish to imply that we had entered a supply relationship or were engaged in joint planning for military contingencies.

-- With respect to these proposals, we would be prepared to announce any or all of them at the end of my visit even if some of the dates remain to be arranged. Of course, we would welcome your own suggestions. If you wish to discuss the details of any of them further, I would suggest that you designate someone to get in touch with Mr. Komer or Mr. McGiffert.

-- Finally, we have an overriding interest in preventing crises in the world from escalating into confrontation and war. We have established special communications arrangements with both friends and adversaries to facilitate rapid and confidential communications in crisis situations. We believe a direct communications link dedicated to high-level priority communication between our leaders, both in times of crisis and in other cases of special sensitivity, is both substantively and symbolically appropriate given the new state of our relations,

and the importance of our two nations in world affairs. I discussed this with you yesterday, and Dr. Dinneen and Ambassador Seignious also had discussions with your side. ✓
If you are interested in pursuing this, we are prepared to initiate some detailed discussions of the modalities.

BREAK FOR CHINESE RESPONSE

-- Let me now turn to export controls and technology transfer. Vice President Mondale stated to you that we had drawn a distinction between you and the Soviet Union. At present, we are doing so on a case-by-case basis. We recognize ✓
this process is cumbersome and within the Executive Branch we believe we have identified the methods for drawing a distinction that still preserve our legitimate national security interests.

-- We have offered to discuss specific cases with you, something we do only for Romania among countries on the "Y" list. And I have brought Mr. Dinneen with me to initiate ✓
direct contact with you for the first time to begin to explore these issues.

-- We have licensed several items to you which we would not license to the Soviet Union, and I am prepared to discuss two additional cases.

-- It seems to me that as we move forward in this area, we must speak frankly to one another about our concerns. We must not enter into arrangements that may prove unworkable, or ✓
infringe on the sovereignty of our countries, or damage our interests. I think we can make progress in this area, however, by working together in a cooperative spirit.

-- There are two such cases before us, LANDSAT D and ✓
Western Geophysical.

-- On LANDSAT D, we are prepared to support the PRC request subject to certain safeguards which we believe are reasonable ✓
and workable. Further discussions will be held during Dr. Press' visit later this month.

-- On Western Geophysical, a difficult case because of the high technology, we are reviewing this again in the context of ✓
a leasing arrangement. Our experts would appreciate hearing your views on the requirements for this large capacity system.